



**COOPERATIVE HOUSING FOUNDATION**

*8300 Colesville Road, Suite 420, Silver Spring MD 20910. Phone (301) 587-4700 Fax (301) 587-2626*

# **LEBANON - ACCESS TO MICROFINANCE AND ENHANCED ENTERPRISE NICHES (AMEEN)**

## **SEMI-ANNUAL PERFORMANCE REPORT**

**COOPERATIVE AGREEMENT: 268-A-00-98-00113**

**APRIL - SEPTEMBER 1999**

**SUBMITTED TO:  
UNITED STATES AGENCY FOR INTERNATIONAL  
DEVELOPMENT**

**COOPERATIVE HOUSING FOUNDATION (CHF)**  
**SEMI-ANNUAL REPORT TO USAID**  
**ACCESS TO MICROFINANCE AND ENHANCED ENTERPRISE NICHE (AMEEN)**

October 29, 1999

Grant Number: Cooperative Agreement No. 268-A-00-98-00113  
Contractor: Cooperative Housing Foundation

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**SECTION I - CONTRACTOR REPORT**

**BACKGROUND AND PROGRESS OF MAJOR ACTIVITIES**

**ELEMENT 1 - BACKGROUND**

The purpose of the AMEEN program is to:

- (1) Enhance the access to microfinancial services for the low-income group of the population, and microentrepreneurs in particular;
- (2) Enhance the institutional capacity of private commercial banks to deliver microfinancial products; and
- (3) Create and support a financially sustainable organization by the end of the project.

The Cooperative Housing Foundation (CHF), in partnership with the Jammal Trust Bank (JTB), is implementing the AMEEN Program in support of USAID's Strategic Objective #1: "Reconstruction and Expanded Economic Opportunity"; and Intermediate Result 1.2: "Small and Microenterprises enhanced". Under the current CHF-JTB agreement, the bank assumes 25 percent of the capital risk and CHF assumes 75 percent, where the interest revenue is split respectively.

The program design was based on the findings of the CHF market demand survey and on CHF's agreement with JTB. The AMEEN Program therefore proposed to provide access to microfinancial services along the following key parameters:

- \$ Loans are extended to individual borrowers or enterprises generally employing 5 workers or less.
- \$ Loans range from \$500 to \$2,000, with an expected average of \$1,500. The repayment period (maturity) ranges from 6 months to one year.
- \$ Loans are granted at 28 percent interest rate based on a declining balance with 3 percent commission fees charged up-front.
- \$ Loans are extended to businesses that have been in existence for at least one year.
- \$ Each loan agreement is between the client and JTB.

- \$ Clients are encouraged to open savings accounts with JTB. JTB waives all account charges and has reduced its minimum opening account balance to \$50.
- \$ Collateral and collateral substitutes (including guarantors) are used to secure the loans.

## ELEMENT 2 - CURRENT CORE ACTIVITIES

First, the main undertaking that marked the second part of the first fiscal year of the AMEEN program was the *commencement of the lending activity in April, 1999*. The first lending phase was concentrated in the greater Beirut area extending to the eastern and southern suburbs, and the city of Sidon and its neighboring town Ghaziyeh. Lending phase two commenced in summer 1999 with the expansion of the program to the southern town of Nabatiyeh which brings the total number of JTB branches through which the program is offered to eight. The expansion of the program is an on going process that should allow the provision of the services through out the JTB branches all over the country.

Second, currently the program staff comprises of *four administrative staff* including Program Director (Mayada Baydas), Program Coordinator (Nisrine Mansour), Financial Manager (Ziad Halaby), and Program Assistant and MIS Officer (Monia Hamzeh). Currently the program has a total of *seven Loan Officers* working through out the various regions. Close supervision and continued training for the *Loan Officers* is provided mainly by the Program Coordinator and Program Director. Recruiting Loan Supervisors and *Loan Officers* is an on-going process. Potential candidates will be joining in the near future as the program expands.

Third, the *CHF-JTB loan committee meets on a weekly basis*. Decisions regarding loan applications are made and information is relayed to the branches to disburse the approved loans. The flow of applications is strong, however the AMEEN program is still training the *Loan Officers* to screen applicants and complete the loan application accurately. Hence, the *Loan Officers* are advised to strengthen the quality of their portfolios initially and then focus on reaching a larger number of clients quantities in order for the program to achieve a large scale of outreach.

Fourth, daily follow-up, and meeting with JTB personnel as well as the Executive Director are conducted to discuss *delays and problems encountered in processing and disbursing the AMEEN loans at the JTB branch level*. JTB management has been committed and supportive of the program, however educating the staff at the JTB branch level has been an important aspect of the delivery of the AMEEN services.

Fifth, the AMEEN administrative staff prepared a *detailed Operations Manual* outlining the program description, delivery mechanisms, program organization and administration, and program accounting. The *Operations Manual*, and particularly the forms used in the application process are continuously revised to allow maximum efficiency of approving the loan applications.

Sixth, the *management information system* (CMIS) has been used by the AMEEN program to track various aspects of the loan portfolio since lending commenced in April. The system is not comprehensive and there has been a need for a more comprehensive system. CHF was able to

provide the AMEEN program in September with a version of the recently developed Micro2000 MIS program which is a more comprehensive package. Micro2000 is still a test version and is undergoing some revisions, and therefore the two MIS programs are being used in parallel until the modifications on Micro2000 are completed.

Seventh, a *performance based incentive scheme* has been put in place for the AMEEN program. The *Loan Officers* with the program agreed to the scheme which should reward more active Loan Officers according to their level of effort. The incentive scheme, however, takes into account not only the quantity of the portfolio but the quality as well.

Eighth, a *USAID consultant* visited the program during the first part of October 1999, to conduct an evaluation of the program. At the same time, an *IFC team* undertaking an appraisal of JTB also visited the AMEEN program. Both teams visited with the AMEEN administrative as well as field staff members and visited a number of JTB branches where the AMEEN services are offered.

### **ELEMENT 3 - RESULTS**

As of September 30th, 1999, a total of 322 loans were approved, where 293 of which were disbursed. The total value of the disbursed AMEEN loans reached US \$383,100 where the principal outstanding by the end of the period was US \$315,521. The average loan size was just about US \$1,300 with an average term of 11 months. The repayment rate to-date is just about 100 percent. The few incidences of delinquency have been just a handful where the delays did not exceed a few days. Two loans have been paid off and the first repeat loan was approved and disbursed early October 1999. The program has also reached 21 percent female borrowers among the pool of its clientele.

### **ELEMENT 4 - PERFORMANCE**

During the second six months of operation of the AMEEN program, CHF proceeded in conformity with the statement of work as detailed in the CHF/AMEEN Business Plan presented to USAID on December 15, 1998. The program actually exceeded the lending targets presented in the business plan.

### **ELEMENT 5 - FUTURE ACTIVITIES**

During the coming six months of operation of the AMEEN program, CHF will proceed to expand the program to attain a large scale of outreach compatible with the program goals and objectives. It is projected that the AMEEN group will have over 10 Loan Officers by early 2000, and the program will be operational in most parts of the country, particularly where JTB branches exist. CHF expects that the AMEEN program would have granted close to 1000 loans by the end of the first year of lending activity.

A very important feature that will characterize the second year of the AMEEN operations will involve increasing JTB capital contribution and risk share up to 50 percent. The bank has expressed serious interest and is ready to sign a new agreement at the beginning of the year.

The AMEEN program is very close to exhausting its initial US \$1,000,000 grant that covers operations and loan capital. CHF is undertaking a revision of the financial projections which will take into account the 50 percent contribution on part of JTB. Results of the updated financial projections will be made available to USAID by November 1999 and they will reflect the level of funding required that will allow the program to reach operational and financial sustainability.

## **SECTION II - ADMINISTRATIVE INFORMATION**

Total level of effort for the period April-September, 1999: 54 person-months.